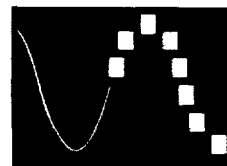


January 10, 2005



President George W. Bush  
The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

Dear Mr. President:

The Voice on the Net ("VON") Coalition represents the nation's leading VoIP and IP communications companies – companies on the cutting edge of developing and delivering voice innovations over the Internet. We are writing to encourage the Administration to take actions that will help unleash the full promise and potential of Internet communications.

As the new year begins, the Administration has a unique opportunity to seize upon the potential of emerging voice technologies to launch a new era of economic prosperity. Indeed, emerging Internet-based voice technologies can help jump-start the next wave of the information revolution, spark a powerful new cycle of job creation and economic growth, and unleash a set of extraordinary new consumer benefits.

In order to help meet your laudable goal of making affordable broadband access available to all Americans by 2007, the VON Coalition believes that the Administration should remove barriers to innovation that can enable VoIP-driven broadband investment. With the right policy foundation, VoIP can play a critical role in boosting broadband demand, putting new tools in the hands of American consumers and small businesses to enhance productivity, manage daily affairs, and enjoy leisure pursuits. In fact, many experts now agree that VoIP may be the long awaited "killer application" for driving broadband in both the residential and small business markets. Across the country, consumers are flocking to broadband in order to take advantage of the many benefits of VoIP.

The FCC has already taken an important first step in enabling VoIP-driven broadband investment. The recent unanimous FCC vote, which boldly clarified state and federal jurisdictional issues, demonstrated a commitment to achieving this nation's VoIP goals. However, to harness VoIP's full potential, the Administration must continue to be a catalyst for pragmatic policy choices by embracing six key policy enablers:

- First, policymakers must continue their successful hands-off approach to Internet communications regulation. As you have said, VoIP "*may be more similar to email than to regular telephony.*" This hands-off approach has made the U.S. a leader in the development of VoIP and provided an influential policy model that has been emulated by countries around the world. Policymakers should continue this approach and refrain from applying yesterday's rules to tomorrow's technologies.
- Second, as you pointed out in a recent letter to CompTIA, "*Internet telephony by its nature relies on technology that does not distinguish geographic borders.*" Policymakers

must continue to recognize the borderless and global nature of Internet communications by refraining from applying geographically constrained legacy access fees and taxes to these innovative services.

- Third, policymakers must reform access charges (and more generally the plethora of intercarrier compensation regimes) and universal service, rather than simply trying to impose yesterday's legacy rules on new technologies. Consistent with the FCC's jurisdiction order that determined that the public interest would be served by a uniform, national regime for VoIP (as it is impossible to determine geographic endpoints), any compensation reform should establish a uniform national regime that is geographically neutral. In addition, while the FCC is deliberating on long-term inter-carrier compensation reform, the agency should provide further interim clarity in this area by granting the Level 3 petition (which recognizes the fundamental non-geographic nature of VoIP).
- Fourth, policymakers must recognize that VoIP is not another flavor of traditional telephone service – but a new frontier in communications for individuals and businesses alike. VoIP, therefore, requires forward-thinking regulatory approaches. Subjecting this new technology to legacy telecom regulation could mean consumers and businesses will miss out on the innovative new services, increased choices, and better prices that VoIP can deliver. We understand that there are important social policy issues that need to be addressed, but believe these issues can be more effectively addressed without imposing heavy-handed legacy telephone regulations on innovative Internet voice communications. Indeed, policymakers must embrace new forward-thinking industry led solutions for ensuring important public policy goals like 911 access are achieved.
- Fifth, consumers must be allowed certain basic Internet freedoms to use any device, application, or service over the Internet. As FCC Chairman Michael Powell has said, "[t]o realize the innovation dream that IP communications promises" ... the Administration "must ensure that a willing provider can reach a willing consumer over the broadband connection." "Ensuring that consumers can obtain and use the content, applications, and devices they choose is critical to unlocking the vast potential of the Internet."
- Sixth, and most importantly, policymakers should focus on how to unleash the benefits of VoIP – including making talking more affordable, businesses more productive, jobs more plentiful, and the Internet more valuable. While VoIP raises many important new policy questions, the most pressing question for today's policymakers is how to ensure that all Americans can take full advantage of the promise and potential of VoIP.

The VON Coalition believes that the potential for a vast new wave of VoIP-led technological innovation is at your doorstep. This transformation will enable consumers to do things never before thought possible, businesses to transform the way they do business, and the economy to *become an engine for higher paying information age jobs*. Yet, *automatically applying legacy regulations designed for a 100-year-old telephone network to new VoIP technologies will stifle innovation and stall these important consumer benefits, including demand for broadband.*

January 10, 2005

Over the next four years, your administration has the opportunity to set a course that can spread a new communications revolution across America and throughout the world. The VON Coalition looks forward to working with you to achieve this bright future.

Sincerely,

**The VON Coalition**

cc: Senator Ted Stevens, Chairman Senate Commerce Committee  
Congressman Joe Barton, Chairman House Commerce Committee  
Secretary-Designate Gutierrez, Commerce Department  
Chairman Michael Powell, Federal Communications Commission

**About the VON Coalition:** The Voice on the Net or VON Coalition consists of leading IP communications companies, on the cutting edge of developing and delivering voice innovations over Internet. The coalition, which includes AT&T, BMX, BT Americas, CallSmart, Conveda, Covad, IceNet, iBasis, Intel, Intrado, Level 3, MCI, Microsoft, PointOne, Pulver.com, Skype, Teleglobe, Texas Instruments, USA Datanet, VocalData, and Voiceglo, believes that Americans are fundamentally better off with a generally hands off regulatory approach to Internet and Internet based services like VoIP.



The VON Coalition

For Immediate Release  
September 29, 2004

Contact: Jim Kohlenberger  
(703) 237-2357

## **VoIP Leaders Ask IRS to Hang-Up on Idea of Applying 1898 War Tax to VoIP**

**Washington, D.C.** – The nation's leading VoIP companies, on the cutting edge of developing and delivering voice innovations, asked the IRS today to refrain from applying the 1898 Spanish-American War Tax to 21<sup>st</sup> century innovations like VoIP.

The Voice on the Net Coalition filed its comments with the Internal Revenue Service, which is considering how the federal telephone excise tax, first created to fund the Spanish-American War, should be applied to new technologies.

The Coalition's filing said that, "This 'tax on talking,' originally meant to fund the Spanish American War, has served our country and should be given an honorable discharge, not another tour of duty." The Coalition also noted that, although the bill never became law, "In 2000, both the House and Senate voted overwhelmingly to eliminate the excise tax completely. President Bush has also supported getting rid of the excise tax. Given the overwhelming opposition to the tax generally, it should certainly not be imposed on Internet communications."

For more than a century, the Federal Government has imposed an excise tax – or "luxury tax" – on telecommunications. In the first instance, this tax was levied as a temporary measure to help pay for the 1898 Spanish-American War. Although the War lasted just under six months and its debt was settled long ago, this excise tax remains in effect. When President William McKinley first signed the tax into law in 1898, he could hardly have contemplated the Internet, let alone the taxation of this innovative medium. In fact, at the time the tax was imposed, only 2,000 phone lines were operational in America.

Over the last two decades, similar Internet innovations like e-mail, the World-Wide-Web, and e-commerce have unleashed powerful transformations that have changed almost every aspect of our lives, grown our economy, and increased our standard of living. The VON Coalition believes that with the right public policies, VoIP can make talking more affordable, while providing a force for increased competition, a platform for innovation, incentives for broadband deployment, and a vehicle for continued economic growth. Any taxation of VoIP, however, might stifle this innovation and leave VoIP's potential unrealized.

"VoIP is not another flavor of telephone service. It's a new frontier in communications for individuals and businesses alike, and it requires forward-thinking regulatory approaches," the Coalition said. "If we subject this new technology to legacy telecom regulation and taxes, consumers and business users will miss out on the new services, increased choices and better prices that VoIP can deliver."























Not only is it bad policy, but taxes on VoIP are impossible to accurately assess and collect. The Coalition's filing notes that, "no tax should be levied if it cannot be easily collected. Substantial government resources are likely to be wasted, and offsetting revenues are likely to be unacceptably low. Technically, an excise tax on VoIP would be extremely difficult to collect. Unlike traditional

telephony, VoIP services utilize an indeterminate array of constantly shifting nodes and communications channels, which rarely (if ever) keep records of the type or destination of information they siphon. Moreover, VoIP transmissions are indistinguishable from other forms of data transfer. Once voice communications are digitized, they look like pure data (e.g. e-mail), and as such any attempt to isolate and tax VoIP would likely prove futile."

**About the VON Coalition:**

The Voice on the Net or VON Coalition consists of leading VoIP companies, on the cutting edge of developing and delivering voice innovations over Internet. The coalition, which includes AT&T, BMX, Callipso, CallSmart, Conveda, Covad, IceNet, iBasis, Intel, Intrado, Level3, MCI, Microsoft, PointOne, Pulver.com, Skype, Teleglobe, Texas Instruments, USA Datanet, VocalData, and Voiceglo, believes that Americans are fundamentally better off with a generally hands off regulatory approach to Internet and Internet based services like VoIP. Since its inception, the VON Coalition has consistently advocated that federal and state regulators maintain current policies of refraining from extending legacy regulations to Internet services, including VoIP. More information about the VON Coalition can be obtained at the following website: <http://www.von.org>

# VON Coalition Members

 <b>Acceris</b> Acceris Communications	<b>Acceris Communications</b> is a broad based communications company, servicing residential, small and medium-sized business and large enterprise customers. It also holds patents related to Voice over Internet Protocol (VoIP) <a href="http://www.acceris.com/">http://www.acceris.com/</a>	 <b>Level(3)</b> <small>COMMUNICATIONS</small>	<b>Level 3</b> is an international communications and information services company and is headquartered in Broomfield, Colorado. The company operates one of the largest communications and Internet backbones in the world. <a href="http://www.level3.com">http://www.level3.com</a>
	<b>AT&amp;T</b> provides a residential broadband Internet voice service called CallVantage. AT&T also provides enterprise IP Services as well as phone based VoIP services. <a href="http://www.att.com/">http://www.att.com/</a>		<b>MCI</b> , with headquarters in Ashburn, VA, is a leading provider of global communications services and operates an expansive IP backbone. <a href="http://www.mci.com">http://www.mci.com</a>
	<b>BT Americas</b> is an information and communications technology service provider which provides integrated data and value-added services. <a href="http://www.btamericas.com/">http://www.btamericas.com/</a>		<b>Microsoft</b> , based in Redmond Washington, is a leading VoIP innovator for software, embedded systems, devices and enterprise applications. <a href="http://www.microsoft.com/">http://www.microsoft.com/</a>
	<b>CallSmart</b> is a North Dakota company that is taking advantage of the latest Voice over Internet (VoIP) technology to provide an alternative to traditional long distance voice service. <a href="http://getcallsmart.com/">http://getcallsmart.com/</a>		<b>PointOne</b> is a VoIP network provider and offers IP communications services to the provider community. It is based in Austin, TX. <a href="http://www.pointone.com/">http://www.pointone.com/</a>
	<b>Convedia</b> Corporation is based in Vancouver, Canada. It is a supplier of next-generation IP media services. <a href="http://www.convedia.com/">http://www.convedia.com/</a>		<b>Pulver.com</b> , based in Melville, New York, is an early VoIP innovator and offers the Free World Dialup service which provides consumers Free Telephony over Broadband. <a href="http://www.pulver.com/">http://www.pulver.com/</a>
	<b>Covad</b> , based in San Jose California, is a leading national broadband service provider of high-speed Internet and network access utilizing Digital Subscriber Line (DSL) technology. <a href="http://www.covad.com/">http://www.covad.com/</a>		<b>Skype</b> is a Global P2P Telephony Company that is offering consumers free, superior-quality calling worldwide. <a href="http://www.skype.com/">http://www.skype.com/</a>
	<b>Earthlink</b> , based in Atlanta Georgia, is a leading national Internet service provider (ISP). <a href="http://www.earthlink.com/">http://www.earthlink.com/</a>		<b>TeleGlobe</b> is a leading provider of international voice, wireless roaming and data/IP services. <a href="http://www.teleglobe.com">http://www.teleglobe.com</a>
	<b>iBasis</b> , based in Burlington, MA provides wholesale international telecommunications services, and has carried more than 6 billion minutes of international voice traffic. <a href="http://www.ibasis.com/">http://www.ibasis.com/</a>		<b>Texas Instruments</b> of Dallas, TX is a leader in digital signal processing and analog technologies to meet signal processing requirements and support the development of IP telephony. <a href="http://www.ti.com/">http://www.ti.com/</a>
	<b>IceNet</b> of Dallas, TX, provides VoIP infrastructure to VoIP Application Service Providers and Broadband Providers for enhanced local, long distance, toll-free and DID services. <a href="http://www.myicenet.com/">http://www.myicenet.com/</a>		<b>USA DataNet</b> , USA Datanet is an integrated communications company uses VoIP to deliver enhanced communications services to residential and business customers across the United States. <a href="http://www.usadatanet.com/">http://www.usadatanet.com/</a>
	<b>Intel</b> is the world's largest chip maker. Based in Santa Clara, CA, it also manufactures computer, networking and communications products. <a href="http://www.intel.com/">http://www.intel.com/</a>		<b>VocalData</b> , based in Richardson, Texas, provides hosted IP telephony applications that enable service providers to reliably and cost-effectively deliver voice-over-IP solutions. <a href="http://www.vocaldata.com/">http://www.vocaldata.com/</a>
	<b>Intrado</b> , based in Longmont, CO., provides emergency service solutions to Enable VoIP 9-1-1 calls, to the public safety and telecommunications industries. <a href="http://www.intrado.com/">http://www.intrado.com/</a>		<b>VoiceGlo</b> , headquartered in Fort Lauderdale, Fla, is a global, full-service Voice over Internet Protocol (VoIP) communications company. <a href="http://www.voiceglo.com/">http://www.voiceglo.com/</a>



**BMX**, based in New York, is a competitive provider of call center applications using Internet-based telecommunications services.  
<http://www.bmx-inc.com/>





AT HOME & ON THE GO

**AT&T CallVantage™**  
Phone service for broadband

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AVAILABILITY

PLANS & PRICING

INTERNATIONAL

CALLING

SMALL OFFICE HOME

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VIEW THE DEMO

IMPORTANT INFO AND

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ORDER NOW

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Once you sign up for AT&T CallVantage™ Service, you can enhance your phone service even more by adding Premium Features. You'll just go to the Account Management and Settings section of the AT&T CallVantage Service Homepage and make changes or additions to your account.



**2nd LINE - \$29.99 a month for Unlimited Local and Long Distance Plan customers. \$19.99 a month for Unlimited Local Plan**

When you sign up for AT&T CallVantage Service, you can add a 2nd Line under the same plan as your Master Line Account. Each line is independent of the other and each has its own phone number so you can use both lines at the same time. Both your primary and 2nd Line will be billed to your Master Line Account.



**SIMPLE REACH™ NUMBER - Only \$4.99/MO PER NUMBER**

With Simple Reach Number, you can select additional phone numbers with different area codes and give them to people you talk to often. So even if you live in New York and your grandmother lives in New Mexico, she can call you and it shouldn't cost her any more than a local call.



**ADD PHONE USERS - AT&T CALLVANTAGE PLUS - Only \$7.49/MO per user**

"Add Phone Users - AT&T CallVantage Plus" are "family friendly" in that you can provide each member of your household a distinctive telephone number and the ability to manage their own calling experience. This enables individuals the ability to configure 'Do Not Disturb' and 'Locate Me' to receive calls when they want and where they want. It also provides a discrete 'Call Log' for each user and allows everyone to retrieve their own voicemail.



**CALL FILTERING - \$1.99/MO**

Call Filtering lets you filter calls based on caller for up to 20 numbers. You can even send calls directly to voicemail or block them entirely.



**RECORD & SEND - Limited time free promotion**

Use Record & Send to broadcast a message to several different telephone numbers at the same time. You can also manage Record & Send using your AT&T CallVantage Service Phone.

# VoIP to Wireline Pricing Comparison

## AT&T CallVantage<sup>SM</sup> Local Plan<sup>1</sup>

\$19.99

Enjoy unlimited Local calling and spend only 4¢ per minute on all Long Distance calls, including calls forwarded to non-local numbers. In addition to remarkable voice quality, you'll also get:

### Powerful New Features

#### INCLUDED FEATURES

- Conference Calling
- Voicemail
- Call Log
- Phone Book
- Locate Me
- Speed Dial
- Do Not Disturb
- 3-Way Calling
- Emergency 911 Dialing
- Call Forwarding
- Call Waiting
- Caller ID
- Safe Forward Number
- Fax and Modem Support

## BellSouth<sup>®</sup> Complete Choice<sup>®</sup> Plan\*

- Home phone line
- Unlimited local calling
- Choice of calling features and flexibility to change features anytime for free
- One low monthly price

Select State Monthly Charge



\$34.00

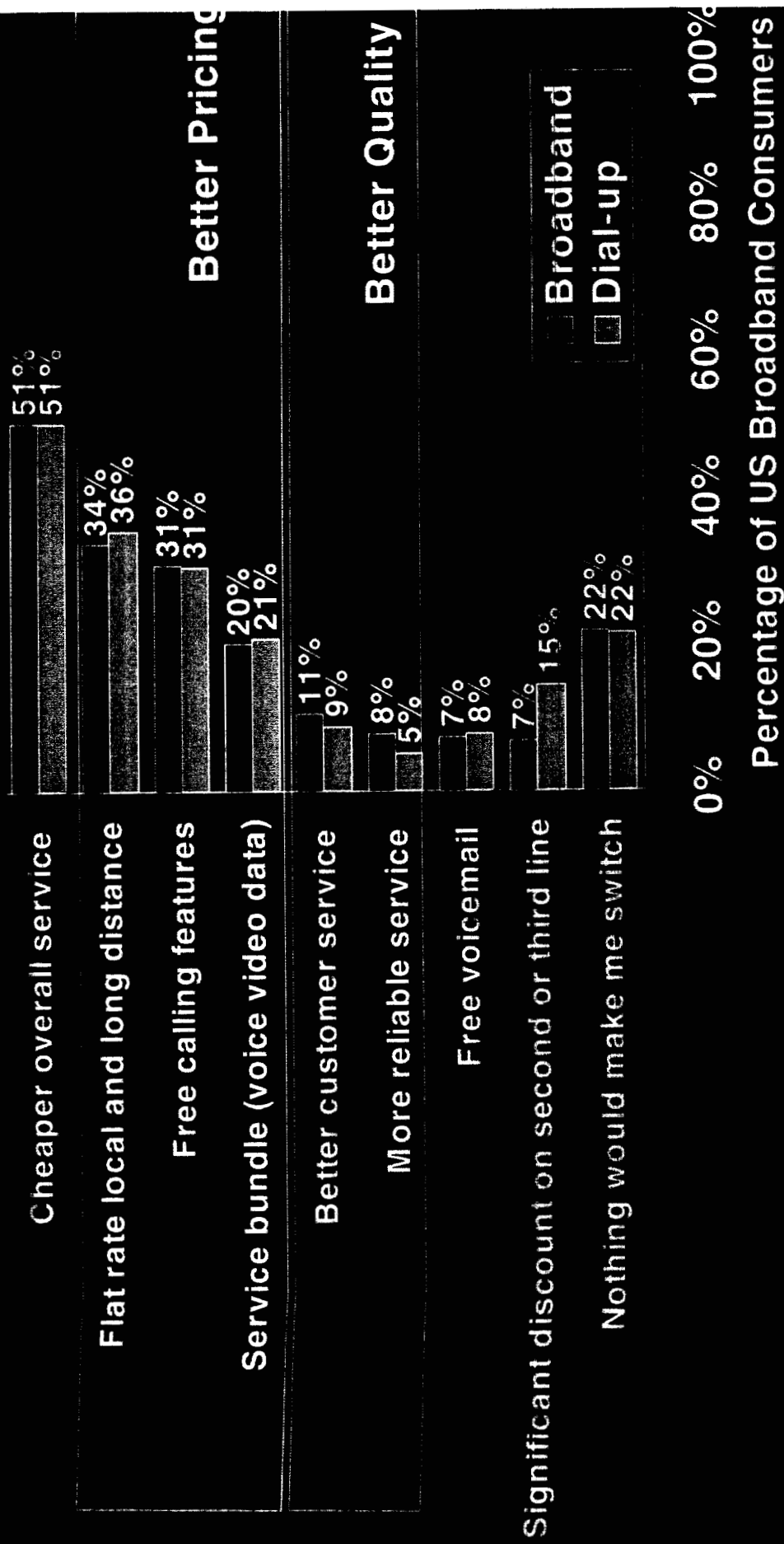
### Calling Features Included with BellSouth<sup>®</sup> Complete Choice<sup>®</sup> Plan

You may choose the calling features as you like, for one low monthly price.

Available Features	Regular Price Range (varies by city*)	Price with Plan
<u>Caller ID Deluxe</u>	\$7.50 - \$9.00	No Charge
<u>Caller ID (with number delivery only)</u>	\$7.00 - \$7.95	No Charge
<u>Call Waiting Deluxe</u>	\$6.50 - \$7.50	No Charge
<u>Call Waiting</u>	\$3.50 - \$6.00	No Charge
<u>Call Return (*69)</u>	\$4.70 - \$6.00	No Charge
<u>Three-Way Calling</u>	\$3.70 - \$6.00	No Charge
<u>Repeat Dialing</u>	\$4.00 - \$5.00	No Charge
<u>Call Forwarding</u>	\$2.60 - \$5.00	No Charge
<u>Call Block</u>	\$4.00 - \$4.50	No Charge
<u>Speed Dial 8</u>	\$2.20 - \$4.00	No Charge
<u>Speed Calling 30</u>	\$4.05 - \$4.50	No Charge
<u>Call Tracing</u>	\$4.00 - \$4.50	No Charge
<u>BellSouth Call Selector</u>	\$4.00 - \$4.20	No Charge
<u>Ringmaster<sup>®</sup> Service-1</u>	\$4.00 - \$5.00	No Charge
<u>Ringmaster<sup>®</sup> Service-2</u>	\$5.95 - \$7.00	No Charge
<u>Remote Access to Call Forwarding</u>	\$5.20 - \$6.00	No Charge
<u>Preferred Call Forwarding</u>	\$4.00 - \$4.50	No Charge
<u>Call Forward Busy Line</u>	\$1.00	No Charge
<u>Call Forward Don't Answer with Ring Control</u>	\$1.00	No Charge
<u>Message Waiting Indicator</u>	\$0.50	No Charge
<u>Star 98 (*98)</u>	\$1.00	No Charge
<b>Optional Features</b> Available at a discount for Complete Choice plan customers.		
<u>Privacy Director<sup>®</sup> Service</u>	\$5.95 - \$6.95	\$2.70 - \$3.95
<u>Premium Voice Mail</u>	\$5.95	\$3.95

\* Local Voice only, GA Source: Company public websites

# Online Consumers Interested in Better Telephony Pricing



Note: Options with more than five percent response rates shown.

Question: Which of the following would make you most willing to change your current landline telephone service in favor of a competing service of (Select top three.)